

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING
STATE OF MONTANA

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October 2, 2001

To: Governor's Advisory Council on School Funding

From: Amy Carlson
Budget Analyst

RE: Analysis of proposal to fund \$5,000 per certified FTE

The council requested that the costs be investigated to determine the cost of providing a state funded \$5,000 per certified FTE. The analysis is done for certified teachers only and then all certified staff. The following table outlines the annual costs.

Cost of Providing \$5,000 per Certified Staff
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Table 1

	Certified Teachers	All Certified
FTE	10,437	12,550
Cost of entitlement	\$52,185,000	\$62,750,000
Cost of retirement	\$7,827,750	\$9,412,500
State share of retirement costs	\$3,131,100	\$3,765,000
Increased county levy	\$4,696,650	\$5,647,500
Total cost to the state	\$55,316,100	\$66,515,000

The increased cost of this proposal would be the same as an 11-14% increase in entitlements.

Concerns with this proposal are: 1) it creates an incentive for districts to hire more certified staff, when a better use of resources may be in other areas, and 2) it creates an equity concern because high spending districts likely have more certified staff and will qualify for more of this entitlement than low spending districts.

